

Chizal S. Fontenot, CPA  
James L. Nicholson, Jr., CPA  
G. Kenneth Pavy, II, CPA  
Michael A. Roy, CPA  
Lisa Trouille Manuel, CPA  
Dana D. Quebedeaux, CPA



**JOHN S. DOWLING & COMPANY**  
A CORPORATION OF CERTIFIED PUBLIC ACCOUNTANTS

John S. Dowling, CPA  
1904-1984  
John Newton Stout, CPA  
1936-2005

Retired

Harold Dupre, CPA  
1996  
Dwight Ledoux, CPA  
1998  
Joel Lancios, Jr., CPA  
2003  
Russell J. Stelly, CPA  
2005

January 23, 2007

To the Shareholder  
Anthony Baglio, CPA, APAC

We have reviewed the system of quality control for the accounting and auditing practice of Anthony Baglio, CPA, APAC (the firm) in effect for the year ended September 30, 2006. A system of quality control encompasses the firm's organizational structure and the policies adopted and procedures established to provide it with reasonable assurance of conforming with professional standards. The elements of quality control are described in the Statements on Quality Control Standards issued by the American Institute of Certified Public Accountants (AICPA). The firm is responsible for designing a system of quality control and complying with it to provide the firm reasonable assurance of conforming with professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control, and the firm's compliance with its system of quality control based on our review.

Our review was conducted in accordance with standards established by the Peer Review Board of the AICPA. During our review, we read required representations from the firm, interviewed firm personnel and obtained an understanding of the nature of the firm's accounting and auditing practice, and the design of the firm's system of quality control sufficient to assess the risks implicit in its practice. Based on our assessments, we selected engagements and administrative files to test for conformity with professional standards and compliance with the firm's system of quality control. The engagements selected represented a reasonable cross-section of the firm's accounting and auditing practice with emphasis on higher-risk engagements. The engagements selected included among others, engagements performed under Government Auditing Standards. Prior to concluding the review, we reassessed the adequacy of the scope of the peer review procedures and met with firm management to discuss the results of our review. We believe that the procedures we performed provide a reasonable basis for our opinion.

In performing our review, we obtained an understanding of the system of quality control for the firm's accounting and auditing practice. In addition, we tested compliance with the firm's quality control policies and procedures to the extent we considered appropriate. These tests covered the application of the firm's policies and procedures on selected engagements. Our review was based on selected tests therefore it would not necessarily detect all weaknesses in the system of quality control or all instances of noncompliance with it. There are inherent limitations in the effectiveness of any system of quality control and therefore noncompliance with the system of quality control may occur and not be detected. Projection of any evaluation of a system of quality control to future periods is subject to the risk that the system of quality control may become inadequate because of changes in conditions, or because the degree of compliance with the policies or procedures may deteriorate.

Anthony Baglio, CPA, APAC

January 23, 2007

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In our opinion, the system of quality control for the accounting and auditing practice of Anthony Baglio, CPA, APAC in effect for the year ended September 30, 2006, has been designed to meet the requirements of the quality control standards for an accounting and auditing practice established by the AICPA and was complied with during the year then ended to provide the firm with reasonable assurance of conforming with professional standards.

As is customary in a system review, we have issued a letter under this date that sets forth comments that were not considered to be of sufficient significance to affect the opinion expressed in this report.

  
JOHN S. DOWLING & COMPANY

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January 23, 2007

To the Shareholder  
Anthony Baglio, CPA, APAC

We have reviewed the system of quality control for the accounting and auditing practice of Anthony Baglio, CPA, APAC (the firm) in effect for the year ended September 30, 2006, and have issued our report thereon dated January 23, 2007. That report should be read in conjunction with the comments in this letter, which were considered in determining our opinion. The matters described below were not considered to be of sufficient significance to affect the opinion expressed in that report.

Comment – Although the firm's policies and procedures require the preparation of engagement letters or file memos documenting its understanding with the client and the firm does prepare them, we noted an instance where the workpapers did not properly document the firm's understanding with regard to specific criteria relating to nonattest services as required by professional standards. We were able to satisfy ourselves that the proper understanding had been reached but not completely documented

Recommendation – The firm should revise its review procedures with regard to preparation of engagement letters and/or memos of understanding to ensure accuracy and completeness in accordance with professional standards.

Comment – Although the firm's policies and procedures require preissuance reviews of and consultation with its reference materials in the preparation of financial statements and representation letters we noted instances where the financial statements were incorrectly titled and the representation letter did not contain all required representations none of which caused the financial statements or representation letters to be misleading.

Recommendation – We recommend that the firm implement procedures to ensure that financial statements and related representation letters are complete and contain all required information in accordance with professional standards.

A handwritten signature in cursive script that reads "John S. Dowling & Company".

JOHN S. DOWLING & COMPANY

**ANTHONY B BAGLIO CPA**  
**A PROFESSIONAL ACCOUNTING CORPORATION**  
2011 RUE SIMONE  
HAMMOND, LOUISIANA 70403  
PHONE: 985-542-4155 FAX: 985-542-4186

February 17, 2007

Peer Review Committee  
Louisiana Society of CPA's  
2400 Veterans Boulevard, Suite 500  
Kenner, Louisiana 70062

**Re: Anthony B. Baglio, CPA**  
**Year Ended September 30, 2006 Peer Review**

Dear Ladies and Gentlemen:

This letter represents my response to the report and letter of comments issued in connection with the review of the Firm's system of quality control for the accounting and auditing practices in effect for the year ended September 30, 2006. The matters discussed herein were brought to the attention of all personnel at a training session held on January 24, 2007. In addition, the matters discussed in this letter will be given special emphasis in my monitoring procedures.

Workpapers did not properly document the Firm's understanding with regard to specific criteria relating to nonattest services as required by professional standards. We are able to satisfy ourselves that the proper understanding had been reached but not completely documented.

At the time this engagement was done, we had not received the updated reference material from Practitioners Publishing Company. Shortly after this engagement was completed, we received the updated material and began using the updated material on all future engagement letters. My staff has been informed about this matter, and until the updated reference material from Practitioners Publishing Company is received, we will use other sources in the interim to insure we are using the latest material.

Monitoring – I, Anthony B. Baglio, am now monitoring the preparation of this document to insure that this finding will not occur again.

Peer Review Committee  
Re: Anthony B. Baglio – 2006 Peer Review  
February 17, 2007  
Page 2

The Firm's policy and procedures require preissuance reviews of and consultation with its reference material in the preparation of financial statements and representation letters we noted instances where the financial statements were incorrectly titled and the representation letter did not contain all required representations.

At the time this engagement was done, we had not received the updated reference material from Practitioners Publishing Company. Shortly after this engagement was completed, we received the updated material and began using the updated material on all future representation letters. My staff has been informed about this matter, and until the updated reference material from Practitioners Publishing Company is received, we will use other sources in the interim to insure we are using the latest material.

Financial Statement Incorrectly Titled.

It was an oversight on my part in regards to the heading on the financial statement. It is the Firm's policy to make sure the financial statement is correctly titled.

Monitoring - I, Anthony B. Baglio, am now monitoring the preparation of the representation letter to insure the most updated form is being used and that the financial statement is correctly titled.

We believe these actions are responsive to the findings of the review.

Sincerely,


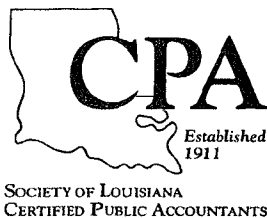
  
Anthony B. Baglio, CPA

ABB:mvb



## PEER REVIEW PROGRAM

2400 Veterans Blvd., Suite 500  
Kenner, LA 70062-4739  
504-464-1040 • 800-288-5272  
Fax: 504-469-7930  
Web site: <http://www.lcpa.org>



American Institute of Certified Public Accountants  
Administered by the  
Society of Louisiana CPAs

May 25, 2007

Anthony B. Baglio, CPA  
Anthony B. Baglio, CPA  
2011 Rue Simone  
Hammond, LA 70403

**REVIEW# 245438**

Dear Mr. Baglio:

The Peer Review Committee of the Society of Louisiana CPAs considered your firm's most recent peer review report and has asked that I correspond with you regarding this review.

The committee accepted your firm's unmodified peer review report, related letter of comments and your firm's response on May 24, 2007. The committee has asked me to convey its congratulations to the firm.

Your next review is expected to be complete and submitted to the Society by **March 31, 2010**. If the due date is during a busy time, you can arrange to have your review a few months earlier.

The completion of your peer review exempts your firm from the State Board's Positive Enforcement Program under a cooperative arrangement between the Society and the Board. The only exception to this situation is for firms with ongoing investigations regarding quality of work by the Board. You are not required to submit a copy of the peer review report to the Board. However, if your firm is a member of the Division for CPA Firms, you will be asked to submit a copy to the State Board with the annual license renewal.

Please take a few minutes to complete the enclosed evaluation form concerning the administration of the peer review program. Your opinion is important to us.

Thank you for your continued cooperation and support of the profession's practice monitoring programs. If you have any questions or concerns, please do not hesitate to contact me (504) 586-8866 or Stacey Lockwood at the Society.

Sincerely,

SOCIETY OF LOUISIANA CPAs

Lindsay J. Calub, CPA  
Peer Review Committee Chairman

Cc: G. Kenneth Pavy, II, CPA

Enclosure



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